

# Fraud Awareness Newsletter

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**Courtesy of the  
Department of Defense  
Office of the Inspector General  
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## **Prosecutions Falsified Testing**

A 22-count superseding indictment was returned in U.S. District Court, Los Angeles, CA, charging the following companies and individuals with additional counts of conspiracy, false statements and mail fraud: Solid State Devices, Incorporated (SSDI), La Mirada, CA; Unisem International, also known as Solid State Components Corporation, Santa Fe Springs, CA; Hank Cosores, division manager, SSDI; Cindy Anderson, quality assurance manager, SSDI; Cory Anderson, production manager, SSDI; and Diane Reeder, general manager, Unisem International, which shares common ownership with SSDI. The defendants

allegedly falsified quality assurance testing of high-reliability semiconductors that are designed to provide greater reliability and durability than ordinary semiconductors. The SSDI manufactured, distributed and sold semiconductors used in the military and space applications of various Government agencies, as well as commercial entities. An investigation determined that SSDI allegedly substituted commercial-grade semiconductors for high-reliability components, falsified quality assurance testing and provided falsified data to customers. The semiconductors were used in the Army Comanche helicopter; the Navy F/A-18 fighter aircraft, A/V-8B Harrier aircraft, S-3 Viking anti-submarine aircraft and MK-71 Proximity Fuse; the Air Force fighter aircraft countermeasure radar and Atlas II launch vehicle; the National Aeronautics and Space Administration (NASA) international space station Freedom and the Space Shuttle; the National Oceanic and Atmospheric Administration NEXRAD radar and several military and commercial satellite

programs. The Air Force is projecting costs over \$30 million for rescreening, removing and replacing SSDI components; the Navy costs are expected to exceed \$10 million; NASA has spent over \$20 million rescreening, removing and replacing SSDI components and the damage to fielded space programs is unknown. Special Agents Craig Wyckoff and Chris Hendrickson, Western Field Office (FO), are conducting the investigation with National Aeronautics and Space Administration (NASA) and the Defense Logistics Agency.

## **False Identification**

Christopher L. Johnson pled guilty in U.S. District Court, Minneapolis, MN, to conspiracy. Johnson and co-conspirators Francisco V. Celindro, Sharon E. Hesselton and Eva M. Gompf were originally charged with conspiracy, credit card fraud and false military identification card violations. They devised a scheme wherein they used false U.S. Military identification cards and traveled from San Diego, CA, to Minneapolis, MN, under assumed identities. They also obtained stolen credit cards and manufactured additional U.S. Military identification cards in the names of the stolen credit cards. These items were then used to purchase five laptop personal computers, with a value in

excess of \$15,000, from several stores in Bloomington and Edina, MN. Special Agent Kevin Gjertsen, Minneapolis Post of Duty (POD), conducted the investigation jointly with the U.S. Secret Service and the Police Departments for Edina and Bloomington, MN.

### **Theft of Surplus**

Richard Haggard, former chief of police, Bainbridge, OH, pled guilty to one count of theft in public office, in violation of an Ohio State statute. Haggard obtained and converted to his personal use surplus military property obtained from Project Northstar. Project Northstar, a Department of defense (DoD) program, enables the transfer of surplus military property to state and local law enforcement agencies for assisting in drug interdiction activities. The property includes aircraft, vehicles, communications equipment, clothing, furniture and like items. Under the program, Haggard obtained a large quantity of surplus items for his department, to include 13,056 board feet of new lumber valued at \$32,509. Haggard then provided a quantity of the lumber to a contractor in exchange for services during the construction of Haggard's residence. Special Agent James Terbovich, Dayton Resident Agency (RA), conducted the investigation with the Sheriff's Department, Ross County, OH.

### **Medical Insurance**

Vivekananda Rawana, owner of Clinical Diagnostics, Incorporated, North Haven, CT, pled guilty to mail fraud and filing a

false income tax return for 1996. Rawana repeatedly billed for laboratory tests that were neither requested nor rendered and up-coded billing for various tests requested in order to receive higher reimbursement from insurance programs. Those programs included the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)/TRICARE. The investigation is the result of a 3-year undercover operation-- Operation: Overdraw-- established as an undercover medical business that dealt with dozens of health care related companies in Connecticut, New York and New Jersey suspected of engaging in fraudulent activities. Special Agent Kathryn Feeney, Hartford RA, conducted the investigation with other Connecticut Health Care Fraud Task Force members that include the FBI, the Internal Revenue Service (IRS), the Health and Human Services (HHS) and the U.S. Postal Inspection Service.

### **Kickback**

Steven Delgetty, a former employee of Harbert Construction Company (Harbert), a prime contractor of the U.S. Army, Fort Leonard Wood, MO, was found guilty of receiving a kickback and obstruction of justice. Dalgetty took a \$30,000 kickback in the form of a home remodeling job from two Harbert subcontractors, Richard G. Schulte and Frank G. Schulte, owners of Schulte Construction Company, Iberia, MO. In return, Dalgetty awarded the Schultes three subcontracts totaling

\$169,911, of which \$113,000 was profit. Dalgetty also created a phony contract and payment invoice for the remodeling job and submitted the invoice to the DoD, then instructed the Schultes to lie to the grand jury about the remodeling job. The Schultes are awaiting sentencing for related charges. Special Agent Edwin Outlaw, Kansas City RA, conducted the investigation jointly with the US-ACIDC.

### **Sentences**

#### **Patient Referrals**

The following were sentenced for receiving payments for patient referrals to a diagnostic services company that provided services to patients covered by CHAMPUS/TRICARE:

- Dennis Baugher, owner/operator, Florida Impotence Clinic, Fort Myers, FL, 6 months home detention, 30 months probation, \$27,461 restitution and a \$100 special assessment for accepting kickbacks;

- Thelma Johnson, owner/operator, Florida Impotence Clinic, Tampa, FL, 27 months incarceration, 3 years supervised release, \$925,779 restitution and a \$50 special assessment for conspiracy and accepting kickbacks;

- Dawn Douglas, owner/operator, Florida Impotence Clinic, New Port Richey, FL, 6 months probation, \$42,333.79 restitution and a \$150 special assessment for conspiracy and accepting kickbacks. In a related case, Tony Abad, owner of Physicians Choice Diagnostic Company, Orlando, FL,

pled guilty to an indictment charging him with 24 counts of paying kickbacks. Abad paid kickbacks to the Florida Impotence Clinic, Tallahassee, FL, in exchange for patient referrals, including patients covered by TRICARE/CHAMPUS. Special Agent Robert Calvert, Orlando RA, conducted the investigations with the Internal Revenue Service (IRS), HHS and the U.S. Postal Inspection Service.

### **Environmental Crime**

Kerry Ellis, Sr., Pasadena, MD, and Seawitch Salvage (Seawitch), Baltimore, MD, were sentenced for violations of the Clean Air Act, the Clean Water Act, the Rivers and Harbors Act and making a false statement to the Government. Ellis was sentenced to 30 months confinement, 3 years supervised release, a \$50,000 fine and a \$325 special assessment. Seawitch was sentenced to 5 years probation, a \$50,000 fine and a \$1,325 special assessment. Ellis is the president and general manager of Seawitch, a salvage company that dismantles ships. In December 1992, the Defense Reutilization and Marketing Service (DRMS), Memphis, TN, awarded Seawitch a ship breaking contract to dismantle three decommissioned U.S. Navy minesweepers and remove all hazardous material aboard the ships. The DRMS also awarded Seawitch a contract to dismantle the USS CORAL SEA, a decommissioned U.S. Navy aircraft carrier. Under Ellis' direction, Seawitch employees removed asbestos found aboard one

minesweeper and the USS CORAL SEA and illegally dumped it into the Patapsco River. False documentation was then provided to DRMS to conceal the illegal dumping. Special Agent Harry Armstrong, Baltimore POD, conducted the investigation with the Environmental Protection Agency and the Naval Criminal Investigative Service (NCIS).

### **Moving Services**

Darcie Gwyn, owner, AB Moving and Storage Company (AB Moving), Tucson, AZ, pled guilty to one count of theft of U.S. Government property. Gwyn was then sentenced to 12 months probation and ordered to pay \$86.40 in restitution and a \$25 special assessment fee. The AB Moving stores and delivers household goods for DoD employees for permanent change of station transfers. Gwyn submitted a false statement to DFAS claiming that additional services were rendered when household goods were delivered. Administrative sanctions against Gwyn are anticipated. Special Agent Jeffery Arsenault, Phoenix RA, conducted the investigation.

### **Theft of Cash**

Jane Elizabeth Plymire, former disbursing officer, Naval Surface Warfare Center, Dahlgren, VA, was sentenced to 18 months corrective custody for each of five counts (to be served concurrently), 3 years supervised probation, \$13,000 restitution and a \$250 special assessment. Plymire was convicted on five counts of theft of Government property, totaling \$13,000. An

investigation disclosed that 56 cash deposits (totaling \$123,526) were missing from the Disbursing Office, Naval Surface Warfare Center, Dahlgren. The money was received from various activities on the base. Plymire was responsible for depositing those moneys into the Dahlgren disbursing account via the Federal Reserve Bank of Richmond. Special Agent Scott Stokes, Mid-Atlantic FO, conducted the investigation jointly with the NCIS, with audit assistance from the DFAS-Cleveland and the DoD AIG-AUD.

### **Fuel Theft**

Harmpartsoum Hgop Kouroumlian was sentenced to 33 months incarceration, 3 years probation, \$621,102 restitution to the California Board of Equalization, \$1,818 restitution to the IRS and a \$50 special assessment. Kouroumlian previously pled guilty to conspiracy to commit wire fraud, mail fraud, fraud against the IRS and failure to register with the IRS concerning Federal Excise Tax. Kouroumlian was a member of the "Mikaelian Organization." During a 3-month period, members of the group fraudulently obtained, stole and sold \$8 million of fuel, an undetermined portion of which was from the Defense Fuel Supply Center, San Pedro, CA. Kouroumlian was the owner and operator of Vegas Truck Stop, Barstow, CA, through which the stolen fuel was sold to the public. Special Agent Robert Koger, El Segundo RA, conducted the investigation with the Federal Bureau of Investigation (FBI), the IRS, the Police Departments of Los Angeles and Long Beach, CA, and the California Department of Justice.



*To report suspected fraud involving to Department of Defense or to comment on this newsletter please contact the nearest Defense Criminal Investigative Service office. The addresses and telephone numbers of the offices that are part of the Central Field Office are listed below.*

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